

## THE ASSOCIATES CREDIT INSURANCE SETTLEMENT

### Frequently Asked Questions

<b>What are the Federal Trade Commission (FTC) and class action cases about?</b>	The central allegation in the FTC's and Class Action's complaints is that The Associates deceived consumers into purchasing credit insurance in connection with their loans. The Associates denies these allegations, but has agreed to pay \$215 million to settle these allegations. The \$215 million will be used to redress injury allegedly caused by The Associates' credit insurance practices.
<b>Has the settlement received final approval, or is it still preliminary?</b>	On May 2, 2003, the Court entered a <u>final</u> order approving the settlement. The Court found that the settlement was fair, reasonable, and adequate, and met the requirements for final approval.
<b>Who was eligible to participate in the Credit Insurance settlement?</b>	Borrowers who purchased credit insurance on real estate-secured and personal loans originated by The Associates between December 1, 1995 and November 30, 2000 were eligible to participate in the Credit Insurance settlement. Consumers who (1) already had their insurance premiums refunded in full; (2) have released their claims in other settlements with The Associates; or (3) excluded themselves from the credit insurance sub-class, will not receive money from the settlement.
<b>Who is eligible to participate in the Refinance Class settlement?</b>	Borrowers who refinanced with The Associates between December 1, 1995 and November 30, 2000 a real-estate secured loan that was originally made by The Associates are eligible to participate in the Refinance Class settlement. You are not eligible to participate if you have released your claims in other settlements with The Associates.
<b>I think that I am eligible to receive money from the Credit Insurance settlement fund. Why didn't I get a Claim Form?</b>	Claim Forms were mailed to those borrowers who were eligible to participate in the Credit Insurance class settlement. You were not eligible to participate even if you purchased credit insurance in conjunction with a real estate-secured or personal loan if (i) you already cancelled your coverage and received a full refund of the premium; (ii) you already settled a lawsuit or claim made against The Associates related to the sale of credit insurance; or (iii) you excluded yourself from the credit insurance sub-class.
<b>My address has recently changed. How do I update it in your system?</b>	If your address has recently changed, please call the Redress Program Administrator's support line at 1-800-395-0451. In order to accurately update your information, you will be asked to provide the last four digits of your social security number for identification purposes. <u>It is important that you update your address to insure timely delivery of any future mailings.</u>
<b>I elected to exclude myself from the settlement but I still received a Claim Form. Why did I receive a Claim Form?</b>	You may have been sent a Claim Form in error. If you wish to continue to be excluded, you should not return the Claim Form.
<b>I elected to exclude myself from the settlement but I still received a Claim Form. Can I still elect to participate in the settlement?</b>	If you originally requested an exclusion from the settlement but subsequently filed a Claim Form, you have waived your request to be excluded from the settlement. Upon receiving your settlement payment, you will be bound by the terms of the settlement, including the release of any claims you might have with respect to the sale of credit insurance on your Associates loans.
<b>Can I exclude myself from the settlement?</b>	No. Your request for exclusion must have been postmarked by February 7, 2003. If you have not already excluded yourself from the settlement, it is too late to do so.
<b>How much money will I get from the Credit Insurance settlement?</b>	The amount of money you are eligible to receive depends upon the amount you paid for credit insurance and the number of

	consumers who participate in the Credit Insurance settlement (i.e., the number of valid Claim Forms that are returned by the deadline). The amount you receive will be a percentage of the total amount of insurance premium you have paid on all eligible loans, minus any amount(s) of premium previously refunded, and minus any benefit(s) received under the coverage(s). Once all Claim Forms have been received, the Redress Program Administrator will calculate this amount based on the records of your loan transactions with The Associates.
<b>When will I receive my Credit Insurance settlement payment?</b>	Approximately 60 to 90 days after October 8, 2003, the deadline for filing the Claim Form.
<b>How was my Credit Insurance settlement payment calculated?</b>	The calculations were based on the records of your loan and credit insurance transactions with The Associates. The amount you received is a percentage of the total amount of insurance premium you have paid for credit insurance on all eligible loans, minus any amount(s) of insurance premium previously refunded, and minus any benefit(s) received under the coverage(s).
<b>Will I receive a check or will the money be applied to my account?</b>	If the account on which you purchased the credit insurance was open and delinquent as of October 31, 2003, your settlement payment will be applied to your account. Otherwise, you will receive a check.
<b>Will my monthly payment amount go down after my insurance is cancelled?</b>	No, your monthly payment amount and loan term will remain the same. However, in rare circumstances, if your settlement payment was applied to your account because it was open and delinquent, your loan term may be slightly decreased.
<b>I am in the Refinance Class, but I have not received a check. Why not?</b>	Distribution of the Refinance Class settlement fund will occur between December 2003 and February 2004. A claim form is not required to receive a payment and checks automatically will be sent to eligible Refinance class members. If you still think you should have received a check by now, but did not, call the Settlement Administrator's support line at 1-800-395-0451.
<b>Will participation in the settlement affect my loan obligations? Or should I stop making payments on my loan?</b>	Your loan obligations are not affected by the settlement. You should continue to make your regularly scheduled monthly payments as those become due. Please note that if you pay off a delinquent loan prior to the time that settlement payments are distributed, you will receive a check for the amount of your settlement payment.
<b>Which companies of The Associates are involved?</b>	The settlement includes customers who obtained loans from any of the consumer-lending subsidiaries of The Associates, for example, Kentucky Finance, First Family, TranSouth, and AVCO (during the time the company was a subsidiary of The Associates).
<b>Who is Gilardi &amp; Co.?</b>	They are the Redress Program Administrator. They are administering the credit insurance settlement for the FTC.
<b>Where can I get additional information?</b>	The order approving the settlement and related documents in this action are available for inspection at the office of the Clerk of the San Francisco County Superior Court, 400 McAllister St., San Francisco, CA 94102, or online at <a href="http://www.ftc.gov/theassociates">www.ftc.gov/theassociates</a> and <a href="http://www.gilardi.com/theassociates">www.gilardi.com/theassociates</a> . Please do not call the court, the clerk of the court, or the defendants in this matter for information.